

Church of England Soldiers', Sailors' and Airmen's Clubs

(Short Title: CESSAC)

Registered and Principal Office: 1 Shakespeare Terrace, 126 High Street, Portsmouth PO1 2RH

**Company limited by Guarantee - Company No.34118 (England)
Registered Charity No.226684**

FINANCIAL STATEMENTS

FOR

YEAR ENDED 31st DECEMBER 1999



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MEMBERS OF THE COUNCIL OF CESSAC (The Trustees) (at 31 December 1999)		
Rear Admiral A G Watson, CB	(President)	Retired Naval Officer
Brigadier C A Brown	(Chairman)	Company Chairman
Rear Admiral J L Blackham, CB DL		Retired Naval Officer
Mr D W Russell		Solicitor
Captain G A Plumer, RN		Retired Naval Officer
Captain A J B Paterson, RN		Retired Naval Officer
Captain A C Long, RN		Retired Naval Officer
Mr R Ruston		Retired Quality Controller (Engineering)
Captain C A Pask, RN		Retired Naval Officer
Lieutenant Colonel (Retd) I J Hamilton, Royal Signals		Retired Army Officer
Air Commodore M J Allisstone, CBE		Retired Air Force Officer

Commander T B O'Rourke, RN	General Secretary and Treasurer
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Auditors	Solicitors	Bankers
Grant Thornton Enterprise House Isambard Brunel Road Portsmouth PO1 2RZ	Blake Laphorn Harbour Court, Compass Road North Harbour Portsmouth PO6 4ST	Lloyds Bank Plc 38 London Road Northend Portsmouth PO1 2RE

REPORT OF COUNCIL

The Council comprises the directors of CESSAC, all of whom served throughout the year. It presents this report together with the financial statements for the year ended 31 December 1999. The Council of CESSAC and the company's Auditors, Solicitors and Banker are listed on page 2.

Charitable Company Status

The Church of England Soldiers', Sailors' and Airmen's Clubs (short title: CESSAC) is a Company limited by Guarantee and not having share capital, registered in England (Company No. 34118) and is a Registered Charity (No.226684) which does not trade for profit and is exempt Corporation Tax. Its Memorandum and Articles of Association govern the charitable company, including the appointment and reappointment of its members of Council. CESSAC is VAT-registered. (No. 675 8276 83).

Objectives

CESSAC's objectives are the provision and management of sheltered housing in southern England for elderly ex Services people and their spouses, or their widows/widowers, and the operation of centres in military bases in support of the Active Services.

Activities during 1999

The present activities of the charitable company continue to be the provision of 14 sheltered flats at Glamis Court, Stubbington, the operation of the CESSAC Centres in Cyprus and at the Royal School of Signals (Blandford Camp), sheltered housing support and management service to Greenwich Hospital and certain charitable support for Service and ex-Service personnel and their dependants.

Modernisation and improvements continued at CESSAC's Centre in Dhekelia, Cyprus. Spring saw a new double griddle for the Kitchen and a new cash till for the Café. In addition the canvas awnings on the shop frontage were renewed (February) and the Café gained new tables and chairs in March, ready for the summer season. All our gas-fired cooking equipment received a Safety Check by a specialist engineer. Underground septic tanks, servicing the whole Centre, were renewed in September (£12,200) and plans were set in train to further modernise the kitchen area in either the Spring or Autumn of 2000.

The Chairman of CESSAC visited in June and had useful talks with the new Garrison Commander, Colonel Potter who commented that the CESSAC Centre's contributions to the Garrison were highly valued. Council member Captain Paterson RN visited in September and confirmed views that the Centre was well-presented and giving excellent service.

In summary, our Dhekelia Centre and its adjoining CESSAC Beach were again important factors contributing to the rest and relaxation of Garrison personnel and their families. The Centre generated a £4,000 deficit against a £22,000 surplus the previous year.

This year activities at CESSAC's "Rendezvous" Centre in Blandford Camp, Dorset were enlarged with the introduction in May 1999 of a Sandwich Delivery service, at Garrison request. This needed a second delivery vehicle but the new service has helped significantly to cover higher operating costs during the year. However the Garrison required that our Kitchen should convert from electric to gas in April. The resultant capital cost of £7,600 added to the extra depreciation expense for the year.

The Blandford Centre's overall deficit for 1999 totalled some £8,000, similar to 1998, but with a 28% turnover increase due to the Sandwich Delivery Service.

CESSAC's own flats at Glamis Court, Stubbington, and Greenwich Hospital's sheltered courts in Southsea and Saltash (fully managed by CESSAC) continue to be well maintained and sound assets. In September, the Director of Greenwich Hospital approved that CESSAC should undertake the management of 23 Greenwich-owned flats deriving from the conversion of a listed building, Trafalgar Quarters in Greenwich (part of the former Royal Naval College). CESSAC-own sheltered housing rentals produced a surplus of some £25,000.

Charitable Donations Made

In 1999 grants and donations totalled more than £38,000. Grants included £15,000 for amenities support of HM Forces Contingents involved in Kosovo operations and £5,000 to St Dunstan's for chapel restoration work. Other financial help was given to the Chaplaincy at the Royal Marine Training Centre, Lympstone and the Royal Marines, Poole – some £3,650 in total. Established grants made included the annual CESSAC Awards towards welfare support in the British Base, Dhekelia, Cyprus, Annual Study/Bursary Awards and grants given in support of CESSAC's and CESSA Housing Association's elderly ex-Service tenants by way of Christmas grants etc.

CESSAC does not actively fund-raise, operating by way of self-generated activities, nor does it make political contributions.

Results

1999 activities has resulted in a deficit of income over expenditure some £18,000. However, unrealised gains on investments contributed markedly to a Total Gain of some £175,000 for the year.

Council's Responsibilities for the Financial Statements

Company law requires the members of Council to prepare financial statements for each financial year, which give a true and fair view of the charitable company's financial activities during the year and of its financial position at the end of the year. In preparing those financial statements, the members of Council should follow best practice and:

- (1) select suitable accounting policies and then apply them consistently;
- (2) make judgements and estimates that are reasonable and prudent;
- (3) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- (4) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The members of Council are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the charitable company and which enable them to ascertain the financial position of the charitable company and to ensure that the financial statements comply with applicable law. They are also responsible for safeguarding the assets of the charitable company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Accounting for Year 2000

CESSAC's accounting and financial computerised systems are Year 2000 compliant. Written assurances have been received from installing/servicing companies of similar compliance.

Auditors

Grant Thornton offer themselves for re-appointment as auditors in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF COUNCIL



Brigadier C A BROWN
CHAIRMAN

11 May 2000

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999**

**REPORT OF THE AUDITORS TO THE MEMBERS OF THE CHURCH OF ENGLAND
SOLDIERS', SAILORS' AND AIRMEN'S CLUBS (CESSAC)**

We have audited the financial statements on pages 6-12 which have been prepared under the accounting policies set out on pages 8-9.

Respective Responsibilities of the Council and Auditors

As described on page 4, the members of Council, who are also the directors of CESSAC for the purposes of company law, are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, of those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Council in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the charitable company's affairs as at 31 December 1999 and of its incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.






GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

Portsmouth
11th May 2000

BALANCE SHEET AT 31 DECEMBER 1999

	<i>Notes</i>	<u>1999</u>	<u>1999</u>	<u>1998</u>	<u>1998</u>
	<i>es</i>	£	£	£	£
Fixed Assets					
Tangible fixed assets	12		588,084		596,445
Investments	15		<u>2,127,207</u>		<u>1,911,786</u>
Total Fixed Assets:			<u>2,715,291</u>		<u>2,508,231</u>
Current Assets					
Stock - at cost		80,982		77,254	
Debtors	13	18,053		2,785	
Cash at bank, short term deposits & in hand		<u>479,334</u>		<u>542,381</u>	
		578,369		622,420	
Creditors:					
amounts falling due within one year	14	<u>(46,587)</u>		<u>(59,544)</u>	
Net Current Assets:			<u>531,782</u>		<u>562,876</u>
NET ASSETS			<u><u>3,247,073</u></u>		<u><u>3,071,107</u></u>
 Funds (all unrestricted)					
Revenue Reserve	16		2,397,073		2,421,107
Designated Housing Reserve	16		800,000		600,000
Designated Maintenance Reserve	16		<u>50,000</u>		<u>50,000</u>
			<u><u>3,247,073</u></u>		<u><u>3,071,107</u></u>

The financial statements were approved by the Council of CESSAC on 11th May 2000 and were signed on its behalf by:

 (A C LONG) Council Member
 (C A BROWN) Chairman and Council Member
 (T B O'ROURKE) General Secretary and Treasurer

The accompanying Accounting Policies and Notes form an integral part of these Financial Statements.

STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 December 1999

	<i>Notes</i>	<u>Unrestricted</u> <u>Funds</u> <u>1999</u> £	<u>Unrestricted</u> <u>Funds</u> <u>1998</u> £
Income and Expenditure			
Incoming Resources			
Income from charitable trading activities		620,267	656,839
Investment Income		46,619	52,784
Subscriptions and donations		3,025	554
Rents receivable – Sheltered Housing		42,295	40,909
Other Income		32,851	29,525
Total Incoming Resources		<u>745,057</u>	<u>780,611</u>
Resources Expended			
Direct Charitable Expenditure	3	635,645	642,269
Sheltered Housing for the Elderly	4	16,298	16,923
Fundraising and Publicity	5	1,431	673
Management and administration of the charity	6	70,930	62,397
Grants and donations		38,599	8,228
Total Resources Expended		<u>762,903</u>	<u>730,490</u>
Net Incoming Resources before revaluations – and surplus of Income over Expenditure for the year		<u>(17,846)</u>	<u>50,121</u>
Other Recognised Gains and Losses			
Unrealised exchange gains/(losses)		(21,609)	8,081
Unrealised gains on investments		215,421	202,328
		<u>193,812</u>	<u>210,409</u>
Net Movement of Funds		175,966	260,530
Balance brought forward at 1 January		3,071,107	2,810,577
Balance carried forward at 31 December		<u>3,247,073</u>	<u>3,071,107</u>
Statement of total Recognised Gains and Losses			
Surplus/(Deficit) for the financial year		(17,846)	50,121
Unrealised exchange gains/(losses)		(21,609)	8,081
Unrealised gains on investments		215,421	202,328
Total Gains and Losses recognised since last Annual Report		<u>175,966</u>	<u>260,530</u>

The accompanying Accounting Policies and Notes form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS FOR YEAR ENDED 31 DECEMBER 1999**1. COMPANY STATUS AND LEGISLATIVE PROVISIONS**

Details are given in the Report of Council on page 3.

2. PRINCIPAL ACCOUNTING POLICIES

The Financial Statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom and the principles outlined in the Companies Act 1985 and the "Statement of Recommended Practice: Accounting for Charities" issued in October 1995. A summary of the more important accounting policies is set out below.

Basis of Accounting

The Financial Statements are prepared on the historical cost basis. Trading and administration expenditure is accounted for on an accrual basis.

Trading income is credited as it arises. Donations and charitable expenditure is brought to charge when paid.

Incoming Resources

Income from charitable trading activities principally represents retail sales and other income in CESSAC's Services Centre in Cyprus and the "Rendezvous", a CESSAC Centre in Blandford Camp, with other operating income arising from sheltered lettings and income fees for managing sheltered lettings, owned by other charitable bodies, for ex-members of HM Forces and their spouses.

Investments

Investments are included at market value. The cost of quoted investments is shown by way of a note. Investment income received and accrued, including income tax recoverable, is taken to the credit of the income and expenditure account.

Taxation

CESSAC is a registered charity and is not subject to taxation on income. Any income tax recovered on investment income and covenanted subscriptions is included with the respective income.

Assets and Liabilities of the Cyprus Centre

Assets and liabilities of the Cyprus Centre are converted into sterling at the exchange rate ruling at 31 December of the relevant year.

Stock

Stock is valued at the lower of cost and net realisable value.

Auditors

Messrs Chrysanthou & Christoforou (Certified Public Accountants, Cyprus) audit the Accounts of the CESSAC Centre, Cyprus. These are incorporated by Messrs Grant Thornton (Portsmouth) into the consolidated Financial Statements for the Company as a whole.

Fixed Assets and Depreciation

Freehold Properties are stated at cost.

Fixed assets include no building plots or properties under construction.

Freehold properties are maintained in a state of repair such that their estimated residual value, based on current prices, is not less than their cost. Therefore no annual charge for depreciation is made, as this would be immaterial.

The Council of CESSAC may re-value its freehold properties at a future time observing that the insured rebuild value for all such properties totals £998,000 (December 1999).

The number of freehold sheltered flats owned by CESSAC total 14 (1998 - 14). Sheltered flats under management, but not owned by CESSAC, total 70 (1998 - 70).

Tangible fixed assets, other than freehold properties, are stated at cost less accumulated depreciation. Depreciation is calculated to write off the cost over the expected life of the asset and is charged as follows:

Leasehold Premises	Over the period of the lease
Office equipment and Vehicles:	25% p.a. straight line basis
Furniture & Fixtures:	10% p.a. straight line basis

- A full year's depreciation is charged in the year of purchase, but no charge is normally made in the year of disposal.

Designated Maintenance Reserve

All properties are maintained in good condition by a planned programme of repair and maintenance. External and internal redecoration is planned to take place every 3 to 5 years. Flats are redecorated and refurbished on a 5 years' rolling programme.

This programme, and the experience of the last 10 years, allows the Company to operate without a committed provision for future repairs and maintenance. Actual costs incurred are normally charged to the income & expenditure account.

However, the Company's prudent policy is to operate a Designated Maintenance Reserve to cover any future modernisation and major repair programmes.

Designated Housing Reserve

This reserve is designated for the purchase of any suitable, freehold building land (of the required size and in the required location at the right price) that may come available. A Need and Site-Search programme is in progress.

2A. INCOMING RESOURCES - TURNOVER

Incoming Resources derive from UK activities except for £517,569 income from charitable trading activities deriving from the CESSAC Centre in Cyprus, supporting HM Forces overseas.

3. DIRECT CHARITABLE EXPENDITURE	1999	1998
	£	£
Cost of Supplies	383,317	409,913
Salaries	174,147	160,697
Operating Costs	39,120	35,767
Depreciation	32,648	32,344
Audit	4,175	4,390
Exchange difference	2,238	(842)
Totals:	635,645	642,269

4. SHELTERED HOUSING FOR THE ELDERLY	1999	1998
	£	£
Management cost	1,390	1,361
Repairs and maintenance	5,449	4,050
Service costs	9,459	11,512
Totals:	16,298	16,923

5. FUNDRAISING AND PUBLICITY	1999	1998
	£	£
Advertising	1,431	673

6. MANAGEMENT AND ADMINISTRATION	1999	1998
	£	£
Salaries	45,737	41,594
Head Office & Management Operating costs	7,518	7,663
Head Office Building Upkeep	301	2,654
Legal and Professional fees	3,780	525
Audit fees	2,540	2,315
Travel & associated costs	4,349	3,334
Depreciation	6,705	4,312
Totals:	70,930	62,397

7. TOTAL RESOURCES EXPENDED	Staff Costs	Depreciation	Other Expenditure	Total	Total
	£	£	£	1999	1998
	£	£	£	£	£
Direct charitable purposes	174,147	32,648	428,850	635,645	642,269
Sheltered Housing	1,390	---	14,908	16,298	16,923
Fundraising and publicity	---	---	1,431	1,431	673
Management & administration	45,737	6,705	18,488	70,930	62,397
Grants and donations	---	---	38,599	38,599	8,228
Totals:	221,274	39,353	502,276	762,903	730,490

8. DIRECTORS' EMOLUMENTS

No member of the Council of CESSAC received any emoluments in 1999. (1998 - Nil).

Total expenses reimbursed to 5 Council members in respect of travel costs, not chargeable to UK income tax, totalled £900 (1998 - £768).

9. EMPLOYEE INFORMATION

Average Weekly Number of Staff employed during the Year			Staff costs		
Category of Staff	1999	1998	Category of Cost	1999	1998
	No.	No.		£	£
Full time (UK)	3	3	Wages & salaries (UK)	96,793	83,476
Part time (UK)	7	7	UK Social Security (NI) costs	5,251	4,520
Full time (Cyprus)	10	9	Non-UK Employees' costs (Cyprus)	115,580	112,427
Part time (Cyprus)	10	8	Employer pension contributions	2,260	1,868
Total:	30	27	Total:	219,884	202,291

The above amounts include £45,409 paid over to the Church of England Soldiers', Sailors' and Airmen's Housing Association Limited (a related party, being a Registered Social Landlord with charitable status) in respect of shared emolument costs of Head Office staff.

10. INTEREST RECEIVABLE AND SIMILAR INCOME

	1999	1998
	£	£
Interest receivable from bank/building society deposits	20,998	27,748
Dividends from quoted securities	25,621	25,036
Total:	46,619	52,784

11. SURPLUS OF INCOME OVER EXPENDITURE

Surplus of income over expenditure is stated after charging:	1999	1998
	£	£
Depreciation - tangible owned fixed assets	39,353	36,656
Auditors' remuneration (inclusive of expenses/VAT) - audit services:		
Chysanthou & Christophorou (Cyprus)	4,175	4,390
Grant Thornton (United Kingdom)	2,540	2,315

12. TANGIBLE FIXED ASSETS (Held for the continuing use of CESSAC and its charitable purposes)

	Freehold land & Buildings £	Short Leasehold Buildings £	Furniture, fittings & Equipment £	Motor Vehicles £	Totals £
Cost					
At 1 January 1999	459,902	201,696	146,256	26,652	834,506
Difference on exchange		(21,741)	(12,108)	(1,495)	(35,344)
Additions during year	---	12,541	17,288	14,295	44,124
Disposals/Transfers	---		(17,519)		(17,519)
At 31 December 1999	459,902	192,496	133,917	39,452	825,767
Depreciation					
At 1 January 1999	---	152,318	68,256	17,487	238,061
Difference on exchange		(16,420)	(4,597)	(1,195)	(22,212)
Charge for year	---	15,923	15,423	8,007	39,353
Disposals/Transfers	---	---	(17,519)	---	(17,519)
At 31 December 1999	---	151,821	61,563	24,299	237,683
Net book value:					
At 31 December 1999	459,902	40,675	72,354	15,153	588,084
At 31 December 1998	459,902	49,378	78,000	9,165	596,445

13. DEBTORS

	1999 £	1998 £
Trade Debtors	694	528
Prepayments & other debtors	17,359	2,257
Total:	18,053	2,785

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999 £	1998 £
Trade Creditors	25,212	44,204
Social Security and other taxes	11,592	3,974
Other creditors and accruals	9,783	11,366
Total:	46,587	59,544

15. LISTED INVESTMENTS

	31 December 1999 £	Change in Market Value in 1999	31 December 1998 £
Holdings and market values:			
Charinco Accumulation Units	513,586	(12,027)	525,613
Charinco Distribution Units	10,915	(894)	11,809
Charishare Accumulation Units	661,746	103,505	558,241
Charishare Distribution Units	940,960	124,837	816,123
Total:	2,127,207	215,421	1,911,786
Cost at 31 December	888,855		888,855

16. RESERVES (All unrestricted)

	Revenue Reserve £	Designated Housing Reserve £	Designated Maintenance Reserve £	TOTALS £
Balance at 1 January 1999	2,421,107	600,000	50,000	3,071,107
Inter-reserves transfers during year	---	---	---	---
Transfer from Statement of Financial Activities	(24,034)	200,000	---	175,966
Balance at 31 December 1999	2,397,073	800,000	50,000	3,247,073

17. CAPITAL COMMITMENTS

The company had no capital expenditure contracted for but not provided for in the financial statements. (1998 - Nil).

The company had no capital expenditure authorised by the Council of CESSAC but not contracted for. (1998 - Nil).

18. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 1999. (1998 - Nil).